

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

Re: ECF No. 21264

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY'S STATUS REPORT REGARDING THE GOVERNMENT
OF PUERTO RICO'S RECENT ACTIVITIES AND RESPONSE TO
THE ONGOING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the "Government") in response to the Court's *Order Regarding Procedures for June 29-30, 2022, Omnibus Hearing* [ECF No. 21264] and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

Since the May Report, following the Plan's Effective Date, the Commonwealth continues focused on implementing initiatives in order to achieve a sustainable economic recovery, albeit tempered by economic headwinds resulting from rising inflation³ and energy costs.⁴ Specifically, the Government has (i) sought—and obtained—the approval of various energy projects and (ii) obtained approval of numerous additional reconstruction projects related to damages sustained as a result of Hurricanes Irma and Maria and the earthquakes that commenced in December 2019.

In addition, the Government, through the Puerto Rico Department of Health (“DOH”) and other entities’ hard work, has continued monitoring the new COVID-19 Omicron subvariants, which have caused a global increase in positivity rates,⁵ and has implemented a series of initiatives to curb the virus’ transmission. Although these new subvariants have caused increases in infection rates, the vast majority of these cases have not resulted in fatalities. This is due, in part, to the

² Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico's Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the “May Report”) [ECF No. 20859].

³ The Puerto Rico Economic Development Bank's recent *Economic Activity Index*, notes that “inflationary pressures are up or near historical high levels, and although a tighter monetary policy was put into effect by the U.S. to address this issue, it is a cause of concern for some analysts and investors, as the Federal Reserve's restrictive measures could also provoke a larger than desired economic slowdown.” See The Puerto Rico Economic Activity Index (EDB-EAI) April 2022 (dated June 8, 2022), <https://www.bde.pr.gov/BDE/PREDDOCS/EDB-EAI.pdf> (last visited June 28, 2022) at 10.

⁴ Elevated fuel costs are still driving up Puerto Rico's energy prices, as Russia's war on Ukraine persists. See LUMA Energy's *Motion Submitting Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors and Request for Confidential Treatment*, available at <https://app.reorg.com/documents/20220615/62aa520b81276.pdf> (last visited June 28, 2022). The cost of fuel used by Puerto Rico Electric Power Authority (“PREPA”) and other generators has increased by about 30% since last quarter. See Reorg, *Quarterly Adjustment Filing with PREB Could Spur 4.1-Cent Hike in Electric Rates*, https://app.reorg.com/file/554889/Puerto_Rico_-_2022-06-15_18_35_52_-_Quarterly_Adjustment_Filing_With_PREB_Could_Spur_4_1-Cent_Hike_in_Electric_Rates-43853-0.pdf (last visited June 28, 2022). As a result, LUMA Energy requested an approximately 4.1 cent per kWh increase in fuel costs for PREPA's residential customers. As a result, subject to Puerto Rico Energy Bureau approval, customers could see a roughly 17% increase in their electric bills. *Id.* With this latest proposed increase, residential rates will be approximately 50% higher than the beginning of the year.

⁵ See World Health Organization Website, <https://covid19.who.int/table> (last visited June 28, 2022); see also New York Times Website, <https://www.nytimes.com/interactive/2021/world/covid-cases.html> (last visited June 28, 2022).

Commonwealth's vaccination efforts, and certain new treatments such as antiviral and monoclonal treatments.

The Government remains confident that these developments continue to contribute to Puerto Rico's path to economic recovery.

I. Executive and Administrative Orders Related to the COVID-19 Pandemic

1. As detailed in previous reports, the DOH maintains a "dashboard" to provide daily updates on COVID-19 related statistics.⁶ Over the past weeks, the Government has observed a resurgence in COVID-19 infections, with a COVID-19 positivity rate of approximately 32.9% as of today.⁷ Out of a total of 143,089 new positive cases since the May Report, 0.16% of such cases have been fatal.

2. Despite the low percentage of fatalities among the positive cases, the Government is committed to continue protecting the Commonwealth's residents and visitors and, since the May Report, has implemented measures in furtherance of such endeavors. In particular, the Government is now seeking to promote vaccination of children six (6) months old and older.

3. The DOH also updated its dashboard to provide additional information regarding the status of vaccinations across Puerto Rico and additional data on COVID-19 cases.⁸

4. Further, the DOH has also continued reiterating the importance of vaccination and has issued official communications to inform the Commonwealth's residents of possible COVID-19 treatments, such as the antiviral and monoclonal treatments, which have proven successful in

⁶ <https://covid19datos.salud.gov.pr/>.

⁷ COVID-19 In Figures In Puerto Rico, <https://covid19datos.salud.gov.pr/> (last visited June 28, 2022).

⁸ See DOH Website, [Actualizan datos en portal COVID-19 del Departamento de Salud](#).

preventing severe symptoms, hospitalizations and deaths for patients, along with directories of facilities to provide such treatments.⁹

5. The Government continues working closely with experts from various sectors to monitor the virus and to adopt or modify any necessary measure or restriction that may be required on a timely basis.

II. Status of COVID-19 Vaccination Process, Infections, and Hospital Capacity

6. The Government also continues to promote vaccination, including booster-shots, as the best way to combat COVID-19's spread. As of June 28, 2022, the DOH informs that over 95.7% of all eligible residents (over 2.9 Million) have received at least one vaccination dose.¹⁰

7. As stated in the May Report, the Government continues promoting several programs to reach and encourage eligible individuals to get vaccinated, which efforts have helped to achieve palpable favorable results. As of June 28, 2022, Puerto Rico has:

- Had 360,596 confirmed cases, 403,421 probable cases, and 4,532 reported deaths.
- A total of 1,108 ventilators (adult and pediatric) are in stock and available to be used in Puerto Rico. 400 are in use, of which 20 are due to COVID-19. 131 of those in stock are pediatric ventilators and, of those; 38 of those pediatric ventilators are in use, with only one in use due to COVID-19.
- 368 adult patients are hospitalized due to COVID-19, of whom 42 are in intensive care. 60 pediatric patients are hospitalized due to COVID-19, of whom 1 is in intensive care.
- 4,465 adult beds and 594 pediatric beds are currently in use out of a total 6,757 and 1,191 hospital beds, respectively. Out of the total detailed above, 427 of ICU beds and 42 pediatric ICU beds are currently in use out of a total 578 and 81, respectively.

⁹ See DOH Press Release, (June 17 2022), [Listo el Departamento de Salud para para vacunar a niños de 6 meses a 4 años](#).

¹⁰ COVID-19 In Figures In Puerto Rico, <https://covid19datos.salud.gov.pr/> (last visited June 28, 2022)

III. Update on Funding Related to COVID-19 and Disaster Relief Funds

A. Federal Funding Under the Coronavirus Relief Fund

8. As of June 17, 2022, the Government has disbursed \$2.17 billion of the \$2.24 billion it has received under the CARES Act's Coronavirus Relief Fund. AAFAF has published a report detailing the use of these funds and the disbursements made as of June 17, 2022, which is available at COVID-19 Resource Center | AAFAF (pr.gov). *See also* **Exhibit A**.

B. Update on Disaster Relief Funds¹¹

9. The Government continues to disburse federal aid, and among the various disbursements made, and developments, since the last status report are the following:

- On June 1, 2022, the Government announced that the Central Office of Recovery, Reconstruction, and Resilience (“COR3”) disbursed \$65.5 million to various municipalities. During April and May, COR3 completed approximately 302 requests for reimbursements and advances for the municipalities, totaling \$25.2 million in reconstruction funds for that period.¹²
- On June 2, 2022, the Government announced that around 55 public schools in Puerto Rico will be retrofitted against earthquakes following updated building codes. This is due to an initial obligation of nearly \$35 million to the Public Housing Administration through the Federal Emergency Management Agency's (“FEMA”) Hazard Mitigation Grant Program (“HMGP”). In addition to the HMGP program, the FEMA public assistance program allocated approximately \$186 million to the Puerto Rico Department of Education for 137 permanent construction projects at other schools in the southern and western parts of Puerto Rico. Of that amount, \$178.3 million were allocated for mitigating risk measures to address seismic vulnerabilities.¹³
- On June 6, 2022, the Government announced the restoration of Puerto Rico's electrical general transmission and distribution system with the approval of funds for 15 projects under FEMA's Accelerated Obligation Strategy known as FAAST. This project represents more than \$107.3 million in approved federal funds to

¹¹ The data and information provided herein has been obtained by AAFAF directly from COR3.

¹² See COR3 Press Release, MILLONARIO DESEMBOLSO A MUNICIPIOS PARA OBRAS DE RECONSTRUCCIÓN DURANTE EL 2022 (June 1, 2022), <https://recovery.pr.gov/es/flexible-page?pageId=11797>.

¹³ See COR3 Press Release, REACONDICIONAMIENTO SÍSMICO PARA 55 ESCUELAS CON FONDOS DE FEMA (June 2, 2022), <https://recovery.pr.gov/es/flexible-page?pageId=11808>.

launch what will become a more reliable electricity grid for all residents of Puerto Rico.¹⁴

- On June 12, 2022, the FEMA approved nearly \$600 million to purchase necessary materials to reconstruct Puerto Rico's electrical grid. Among the materials included in this project are about 2,500 miles of transmission lines, about 23 miles of submarine cable for the municipalities of Vieques and Culebra, over 300 substations, about 200,000 transformers, and 13,400 miles of feeders, among others.¹⁵
- On June 19, 2022, the Government announced that FEMA approved a proposed project that will increase the performance of the Toa Baja water reservoir in Villalba through a \$257 million investment in reconstruction funds.¹⁶

10. As of June 20, 2022, the United States Congress had appropriated \$79,432,086,026 for Puerto Rico's recovery efforts. Of this amount, approximately \$67,113,950,476 has been committed by federal agencies for distribution, and \$23,855,198,490—around 30% of the appropriated amounts—has been disbursed. Of the amounts obligated and disbursed, FEMA has committed \$42,963,340,270 and disbursed \$16,187,847,178 (approximately 41%) of the total amounts detailed above. Furthermore, of the amounts obligated and disbursed, other federal agencies that provide financial assistance when major disasters and emergencies occur have approved \$30,211,760,603 and disbursed \$4,470,048,077, approximately 17.5% of the total amounts detailed above. The Government's use of these funds is detailed on the COR3 website and can be accessed at <https://recovery.pr/en>. See also **Exhibit A**.

¹⁴ See COR3 Press Release, FEMA ANUNCIA PROGRESO EN LAS OBRAS DE LA RED ELÉCTRICA DE PUERTO RICO (June 6, 2022), <https://recovery.pr.gov/es/flexible-page?pageId=11824>.

¹⁵ See COR3 Press Release, INYECCIÓN DE CASI \$600 MILLONES POR PARTE DE FEMA PARA RECONSTRUIR LA RED ELÉCTRICA (June 12, 2022), <https://recovery.pr.gov/es/flexible-page?pageId=11848>.

¹⁶ See COR3 Press Release, COR3 ANUNCIA APROBACIÓN POR PARTE DE FEMA DE PROYECTO QUE AUMENTARÁ EL RENDIMIENTO DEL EMBALSE TOA VACA (June 19, 2022), <https://recovery.pr.gov/es/flexible-page?pageId=11894>.

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Respectfully submitted,

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